

2007 Farm Bill Energy Title:

Investing in Renewable Energy Programs to Promote Energy Independence

- **Provides Loan Guarantees for Biorefineries and Biofuels Production Plants**

The 2007 Farm Bill:

- Provides loan guarantee authority for biorefineries, with half going to loans less than \$100 million, and the other half for loans up to \$250 million.
- Requires that construction contractors and subcontractors on federally assisted loan guarantee projects pay their employees not less than the prevailing wage in the same locality under the Davis-Bacon Act.

Program Basics:

- The program would help finance the cost of developing and constructing biorefineries and biofuel production plants to carry out projects to demonstrate the commercial viability of converting biomass to fuels or chemicals.

- **Continues Funding for the Biodiesel Fuel Education Program**

The 2007 Farm Bill:

- Provides \$10 million to continue the Biodiesel Fuel Education Program as funding is made available.

Program Basics:

- The program awards competitive grants to nonprofit organizations that educate governmental and private entities operating vehicle fleets, and educate the public about the benefits of biodiesel fuel use.
- The 2002 Farm Bill funded the program at \$5 million from 2003-2007.

- **Increases Funding for the Renewable Energy & Energy Efficiency Improvements Program**

The 2007 Farm Bill:

- Increases funding for the Renewable Energy & Efficiency Improvements Program, to be renamed the Rural Energy for America Program, over the 5 years included in the 2007 Farm Bill.
- Allows for feasibility studies to be eligible for the program.

Program Basics:

- The program, also known as Section 9006, authorizes loans, loan guarantees, and grants to farmers, ranchers, and rural small businesses to purchase and install renewable energy systems and to make energy efficiency improvements.
- Takes loan guarantee level from \$10 million to \$25 million.
- Grant funds may be used to pay up to 25% of the project costs. Combined grants and loans or loan guarantees may fund up to 75% of the project cost.
- Eligible projects include those that derive energy from wind, solar, biomass, or geothermal sources. Projects using energy from those sources to produce hydrogen from biomass or water are also eligible.
- The 2002 Farm Bill provided \$115 million over 5 years for this program.

- **Improves and Increases Funding for the Bioenergy Program**

The 2007 Farm Bill:

- Provides funding to continue the Bioenergy Program, which provides production incentives for increases in production of ethanol and biodiesel made from agricultural and forestry crops and associated waste materials, including animal manure and livestock/food processing waste.
- Expands eligibility for combined heat and power production using biomass at biofuels plants and biomass gasification as eligible types of bioenergy that could receive the production incentive.

Program Basics:

- The Bioenergy Program makes payments to eligible bioenergy producers, based on any year-to-year increase in the quantity of bioenergy that they produce.

- **Creates a Biomass Energy Reserve Program to Develop the Next Generation of Feedstocks for Renewable Energy**

- The 2007 Farm Bill:

- Establishes a program to encourage the production of feedstocks for cellulosic ethanol and other energy production and provides for 5 year contracts for producers to grow dedicated energy crops.
 - Provides for an incentive for producers to harvest, store, and transport biomass to bioenergy facilities.
 - Offers an incentive to help farmers learn how to plant, cultivate, harvest and transport these feedstocks in a cost-effective manner.

- **Continues to Promote the Federal Procurement of Biobased Products**

- The 2007 Farm Bill:

- Clarifies that products with at least five percent of intermediate ingredients and feedstocks that are biobased should be considered under the preference.
 - Requires USDA to complete rulemaking on labeling regulation.
 - Provides \$10 million for the testing and labeling of biobased products and for expanding awareness of the BioPreferred Program

- Program Basics:

- Statutes currently require Federal agencies to purchase biobased products under certain conditions and authorize a voluntary biobased labeling program.
 - USDA regulations define biobased products, identify biobased product categories, and specify the criteria for qualifying those products for preferred procurement.

- **Establishes a Forest Bioenergy Research Program**

- The 2007 Farm Bill:

- Provides \$75 million to create a program to address the specific issues facing the use of woody biomass for bioenergy production, including feedstock issues such as yield and new varieties.

- **Extends the Biomass Research and Development Program**

- The 2007 Farm Bill:

- Extends the Biomass Research and Development Program (Section 9008) through 2012.

- Program Basics:

- The program provides competitive funding for research and development projects on biofuels and bio-based chemicals and products, administered jointly by the Secretaries of Agriculture and Energy.

- **Establishes a program to allow biofuels facilities to access sugar for production**

- Provides sugar to biofuel producers at competitive prices.
 - Specifies that sugar would be provided for biofuel production only during times of excess sugar supply to help avoid forfeiture of sugar to the government.